FCRA Focus: **Breaking Down Credit Reporting With Credit Builders Alliance**
Host: Kim Phan
Guests: Elisabeth Johnson-Crawford and Arinze Nwadiogbu of the Credit Builders Alliance
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Kim Phan:

Welcome to the Troutman Pepper podcast, [*FCRA Focus*](). I'm Kim Phan, co-host of the podcast. Thank you for joining us today as we welcome our special guests from the Credit Builders Alliance, an innovative national nonprofit network created to provide a bridge to the modern credit reporting system for its members. CBA's platform of services helped shape their members' credit reporting programs by connecting them to the credit bureaus to report loan payments, and to pull reports for underwriting and financial coaching. They support practitioners through training and professional development opportunities, and they promote the replication and scale of safe and responsible credit building products and strategies, while advocating for consumer-friendly policies at legislative levels and within the credit industry itself.

However, before we jump in, let me remind you to visit and subscribe to our blogs, [TroutmanPepperFinancialServices.com]() and [ConsumerFinancialServicesLawMonitor.com](). While you're at it, head on over to [Troutman.com]() and add yourself to our Consumer Financial Services email list that will allow you to get invitations to our webinars and receive our alerts and advisories that we send out from time to time.

While we make lots of free content available to our listeners, if you cannot get enough FCRA, I would encourage you to explore our subscription-based tracker service, which provides information on federal and state, regulatory and legislative developments, as well as summaries of FCRA case law on a weekly basis, and includes a monthly roundtable discussion. These tracker services can also cover other topics, including debt collection and privacy and data security.

Now, today we're going to hear more about the challenges smaller entities may face when beginning the process of credit reporting, or their ongoing struggles with compliance. Joining me today are Elisabeth Johnson-Crawford, chief technical officer, and Arinze Nwadiogbu, manager of bureau services. Elisabeth, Arinze, why don't you tell our audience a little bit about yourselves and the Credit Builders Alliance before we dive into today's topics?

Elisabeth Johnson-Crawford:

Sure. Hi. I'm Elisabeth Johnson-Crawford. I am, as you mentioned, chief technical officer here at Credit Builders Alliance, which means I am our local credit reporting nerd. Please don't ask me about the Wi-Fi, is my go-to joke. I've been with Credit Builders Alliance since 2011, and have worked with our members in a wide variety of capacities, in the process of helping them set up to report, to maintain reporting, managing disputes, and working with our Bureau contacts to maintain this partnership and keep things flowing smoothly to do research on new kinds of services and things like that. I get to lead our Bureau Services team with my fantastic colleague, Arinze here. Arinze, if you'd like to share a little bit about yourself.

Arinze Nwadiogbu:

Yes. Thank you, Elisabeth. Thank you, Kim. Thanks for inviting us on the podcast. Really excited to dive a little bit into the FCRA. But yeah, a little bit about myself, I've been with Credit Builders Alliance now for a little over five years. I help manage our Bureau Services department, which in a nutshell is helping all our organization members report their loan portfolios over to the credit bureaus, and then helping them with their ongoing monthly reporting. They're submitting their monthly Metro2 files and helping them with any disputes and account corrections that are needed along the way. Yeah, that's it in a nutshell.

Kim Phan:

Well, thank you for introducing yourselves. As a self-proclaimed FCRA nerd myself, I love talking to kindred spirits, and I'm thrilled to have you here today. Now, first step first, deciding whether or not to credit a report is a huge decision for any organization. How do you typically advise your members on the potential benefits that come with credit reporting, as well as the potential legal risks when deciding whether or not that credit reporting may make sense for them as an organization?

Elisabeth Johnson-Crawford:

Well, it's built into our name, Credit Builders Alliance. We're pretty pro credit reporting in terms of getting consumers, who often, otherwise, don't have opportunities to have positive information listed on their credit report, giving them the opportunity to build positive credit history with every on-time monthly payment with our lender members. We definitely sit down and talk to anybody who comes to us interested in reporting to talk through what the capacity requirements are, what we've seen work well for our members in the past, and what hasn't worked well, what kind of software they're going to need to make sure that they have upfront, different trainings that we offer to be able to help better prepare them for the start and to maintain successful ongoing reporting and other resources out there as well, things like, courses and resources through the CDIA, Consumer Data Industry Association, directly from our bureau partners, as well as groups like, NeighborWorks Training and other more nonprofit-focused partners out there.

Arinze Nwadiogbu:

Yeah. I just like to add that decision with organizations and credit reporting is definitely important for them to weigh those pros and cons, things like, organizations that have people with thin file, or new to credit that are really going to see an impact and have an opportunity to report on a loan and build credit that maybe they wouldn't otherwise have that opportunity and get that ball rolling. We have organizations that deal with immigrant communities that are coming over and experiencing the American credit system for the first time. Then probably, the less talked about other side of it is just the fact that the lender itself, where they can get a whole picture of someone's credit profile and the fact that these trade lines are going to be on the borrower's credit report. Definitely different factors.

Then as far as the legal side of it, and some of those considerations, we definitely encourage them to reach out to their legal resources and counsel to get that full picture, so they know what they're going to be looking at short-term, medium-term and long-term.

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Kim Phan:

Yeah, those populations, obviously, would greatly benefit from positive credit history being available about them. But the FCRA doesn't care about laudable intent. It cares about technical compliance. I understand that many of your members are small entities. Even before they can even begin credit reporting, there has to be this huge investment in capacity, staffing, resources to establish appropriate policies and procedures, developing an internal dispute, re-investigation process, implementing monitoring, auditing, and oversight and many, many more FCRA requirements. I imagine it can be a little bit overwhelming. How would you recommend one of your members get started?

Elisabeth Johnson-Crawford:

I'd say, first off, certainly, would be starting with the training resources that CBA offers. With our specific reporting partnership with the bureaus, our members have a lot of built-in support there. For example, we're working with them at the very beginning to make sure that they are in a good place to successfully complete credit bureau credentialing, as well as working with them to get their initial test data looking good, looking the way it needs to, including all the accounts that it should, and working with the bureau context to make sure that they're reading it appropriately and accurately as well.

Every month, we're reviewing their files to make sure it's all logical, and then passing it over to the bureau. We're providing a lot of technical assistance there and quality control and support. Whenever we see issues come up, we're able to provide additional training for them and clarification, and encouraging best practices, and things like that. Then on the dispute side of things, our arrangements with the bureaus are that we actually manage the disputes for our members. We get the notification, we work with the member to verify the details, and then submit the response back to the bureaus.

Through that process, we're able to identify a lot of larger issues that may be happening to help them think through like, what are the processes that could be introducing errors, or introducing confusion on behalf of the consumer, who's just a little uncertain about what they're reading on the credit report, or why it's showing up a particular way.

Through that ongoing support, we really do decrease a lot of the capacity requirements that other small furnishers may face outside of CBA's membership, which is specifically non-profit, government, and tribal entities.

Arinze Nwadiogbu:

Just to add a little bit to that, I think we do a great job ushering organizations through the process of starting with our membership department, figuring out if the timing is going to work out, mapping out what it's going to look like in the short, medium, and long term, and then walking the organization through that process. Some of the resources, while yes, it is daunting through that initial onboarding piece, there are bureau resources that organizations can lean on, there's the credit reporting resource guide, and different organizations that can definitely give them that book knowledge, if you will, on all the different requirements and responsibilities.

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Elisabeth Johnson-Crawford:

Beyond the book knowledge, we remind our members often that we are not lawyers, unlike our amazing host here. We can't provide legal advice, but we can share, again, just what's worked for our other members in the past, and where we've seen issues come up, so that they can hopefully avoid.

Kim Phan:

Well, Arinze, you mentioned the credit reporting resource guide. I imagine that is a large topic in these early conversations.

Arinze Nwadiogbu:

Yes.

Kim Phan:

Yeah. The Consumer Data Industry Association, CDIA, which Elisabeth has already mentioned, developed Metro2, a standard electronic data reporting format for furnishers and the consumer reporting ecosystem. The credit reporting resource guide is basically the Bible with regard to the Metro2 standard. While an incredibly useful tool, understanding the many nuances in the credit reporting resource guide can be a daunting undertaking for even the most sophisticated players in the industry. I imagine, it results in very common pain points among your members. Do you want to highlight a few for our audience?

Arinze Nwadiogbu:

Yeah, sure. Yeah, like you mentioned, it is a large, oftentimes hard to navigate book and guide. That in and of itself is a challenge. Yeah, like you mentioned, it's really the bible, it does, and not the end all be all, but it is a guide. Generally speaking, all the different scenarios that an organization will run into is in their one shape, or form. To answer your question, the hardest, or the pain points, if you will, for the credit reporting resource guide is just really navigating it for the first time, figuring out which parts are applicable to their situations, and then just getting that full understanding when integrating it with their loan management software. You have your loan management software, and then that produces that Metro2 file, and then leaning back on and connecting the dots between what is in your software, and what is in the actual report and being able to understand the two and learn how those two things mesh.

Elisabeth Johnson-Crawford:

Yeah. I would just add on to that that I think, mentioning the loan management software, we know that is often a pain point for these smaller furnishers, like our members, because they don't have armies of programmers that can develop a unique, tailored solution for them. They're using off-the-shelf systems. Within the universe of non-profit lenders, there's some really reliable systems out there, and we have great relationships with the support teams. We're able to work with them to help resolve, or avoid bugs, help give them feedback on their programming and how it's potentially impacting the accuracy of the Metro2 files that our members are generating,

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since we can usually see multiple members using the same system and identify what's going to be user error, or what's going to be potentially a software bug, and things like that.

Since the liability for the accuracy is all on our members, we are here to help advocate for them with these software vendors to help make sure that they can maintain the accuracy of their data. We know there's a lot of different vendors out there, and I've talked to folks who were full of energy and excitement and eager to start designing software that can produce a Metro2, and introducing them to the realities of this particular, very complex language, and sometimes directing them to some alternative solutions, rather than having to develop and program all of that out. Given the huge liability that this creates for any of their users, part of my job is yelling at software vendors, basically, on behalf of our members, to make sure that their data can come out accurately and the way that it should.

Arinze Nwadiogbu:

Yeah. That's one of the probably, the biggest benefits to our reporting members of being members of CBA is just really, our staff here are Metro2 experts, credit reporting resource guide experts, so they definitely can lean on us for those pitfalls that come up, and we can help guide them through any questions they have while giving them the knowledge, so down the line, they can also build their own knowledge going forward.

Kim Phan:

Yeah. As we all know, third-party relationships can often be a source of risk. I appreciate that your members probably don't have an army of internal staff to provide the support they need and have to rely on third parties, like CBA and third-party software vendors to help with their FCRA compliance. But let me ask you and turn the direction of our conversation a little, that we've talked a lot about what happens on the front end to get some of your members ready. Well, let's talk about the backend. After someone is an established furnisher, do you offer additional support? You talked about reviewing to get folks ready with their Metro2 files and getting accurate files sent on to the credit bureaus. But again, assuming that some of your members don't have an internal data analytics team sitting around, I understand that you provide some additional support on the backend, like root cause analysis and other support in that area. Do you want to talk a little bit about that?

Elisabeth Johnson-Crawford:

We work with, again, it's over 250 different reporter members who are –

Arinze Nwadiogbu:

Yeah, about that, a little more.

Elisabeth Johnson-Crawford:

Should have that number on hand. But who are recording data through us. One of the benefits we've been able to see is having a single individual on our team being a point person for all of the disputes coming in for a particular member. They can see, sometimes patterns that are emerging if the number of disputes ticks up in particular, if the types of dispute codes, or the

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additional comments that come with the disputes are trending in a particular direction. They're already used to that member's queue of disputes, and so they're able to really spot changes that come up.

I know there was one of our members who I was working with at one point, and we really started noticing an uptick in the number of disputes they were getting and which they were responding to correct the information. Through that process, we realized that there was some entry errors for some of their accounts, where it was instead of reporting as bi-weekly, or sorry, it was reporting as bi-weekly when it should have been bi-monthly, and so some of the calculations were off and showing incorrectly.

Going back to the previous comment about working with software vendors is I was able to set up a call between them and their software vendor with me on the line as well, so that I could clarify for the vendor, this is the situation we're running into, and so we were able to find a solution for them to move forward, and making sure that all the calculations were showing up accurately.

Arinze Nwadiogbu:

I want to make a point that the ongoing support, generally, and the support that CBA gives is super important. Really, Kim, you alluded to it, the beginning part is the hardest. The ongoing reporting does get easier. I don't want to, on this pod, scare away people from reporting. The ongoing reporting definitely is more of the, call it easier. I also want to say, mistakes are going to happen. That's part of where CBA also comes in to help our member organizations correct those mistakes, whether that be AUDs, manual corrections, where we contact the bureau on their behalf. Then also, helping them correct any discrepancies within their software and Metro2 file. It is a process, but definitely starting off on a strong foot and continuing is really going to be key.

Kim Phan:

Well, very good. I understand that in addition to credit reporting, I understand that CBA also works with your members in other consumer reporting areas, such as alternative data, rental information. Do you want to tell our audience about some of those other CBA initiatives?

Elisabeth Johnson-Crawford:

Yeah, certainly. CBA has been working in the space of rent reporting for over a decade at this point. We've found different kinds of opportunities to get involved. What we do primarily these days is supporting rent reporting implementation with training and technical assistance for affordable housing providers around choosing a reporting mechanism, how they're engaging with their residents, how they're managing the program ongoing.

We're really able to help provide rent reporting expertise, not only just figuring out the mechanism, but really helping them understand how to engage residents within a more holistic sense of financial empowerment, coaching, education, all of these things wrapped into one, so that residents can really make the most impact out of this opportunity to build credit with a payment that they're already making.

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Additionally, we provide our expertise to both state and national policy makers as they're drafting reporting legislation. We had some successes a couple of years back in California, D.C., and one other state that I've misplaced. We also work a lot with providers to collect data, collect success stories to really illustrate the positive impact that folks are finding within their daily lives, as well as best practices for affordable housing providers to really show how it can be done, how it can make the most impact, what resources are the most helpful in different parts of the program.

We've done a lot of work back in the beginning with groups like HUD to help identify what were the requirements for rent reporting in terms of opt-in versus opt-out, and things like, should rent reporting be using an installment type, or open type based on some of the characteristics specific to affordable housing residents?

Arinze Nwadiogbu:

I just wanted to give a quick plug to our training institute, where all our members have access to. We have a bunch of resources there that help them throughout either credit reporting, reading, and understanding credit reports. Then just some of our core offerings is helping organizations access credit reports. If they need credit reports for soft inquiries for credit counseling and coaching, credit reports for hard inquiries to do their underwriting, CBA can help them get discounted reports from the bureaus. I just want to highlight those two. Then another, let's say, quick blurb about our CDFI intermediary, which is a CBA fund, which we do loans and give grants to organizations.

Elisabeth Johnson-Crawford:

CBA fund also does some of those loans and grant programs for population-specific products. We had a lot of resources around how to think about credit building in products for folks who may be new to the US, folks who may be returning citizens, justice exposed folks who are dealing with having some criminal record that may be interfering with their normal ability to pursue their financial goals. We also have resources for assistive technology providers and housing stability, all sorts of things that are going to be really specific to hopefully, help people get products out there to support their communities.

Kim Phan:

As we wrap up today, any final recommendations for FCRA compliance strategies and solutions you want to share with our audience, or any other closing thoughts?

Arinze Nwadiogbu:

Yeah, thank you. For me, probably the biggest thing is for our member organizations, there definitely is capacity constraints, which we understand also as being a non-profit. But I would really encourage folks to spend that little extra time to do their homework, do their due diligence, get a copy of the credit reporting resource guide, learn the fundamentals and basics of their FCRA duties and following that compliance. Then their own individual organizations, policies and procedures and really honing in on that, tailor it specifically to their organizations, their mission and follow through with that, and then transfer that knowledge and make sure staff that

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are working on loans, or pulling credit reports, things like that are all aware of those policies and procedures. Then, just know that it's not set in stone. You can also mold it over time.

Elisabeth Johnson-Crawford:

Then to add on to that, I would say that one of the biggest resources that our members have is a positive, trusting relationship with their clients. I think for them, that really helps reduce a lot of the compliance costs and burden, because their clients know that they can come to them, that they're on their side and to say, help figure out an updated repayment schedule if they're in danger of falling behind, so they don't even have to be recorded as past due to start with, if they can get those modifications in there early enough, being able to respond to the lender directly and asking questions, rather than necessarily just submitting dispute after dispute, because there's just a miscommunication or misunderstanding.

Our members have a great deal of goodwill with their clients. I think that really, that positive relationship really does help them avoid some of the more difficult components of some of the compliance burden, because their clients can come directly to them and they trust them, and so they can just do that interpersonal correction, rather than needing to go through different kinds of channels.

Kim Phan:

Well, that is great to hear. Elisabeth, Arinze, thank you so much for sharing your insights with us today. Thank you to our audience for tuning in to today's episode. If you enjoyed today's podcast, please let us know by leaving a review on your podcast platform of choice. Of course, stay tuned for our next episode of this *FCRA Focus* podcast. Thank you all for listening.